

The Triple Bottom Line **by Andrew Savitz with Karl Weber**

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Andrew Savitz runs Sustainable Business Strategies, an independent advisory firm in Boston. He has previously worked for PriceWaterhouseCoopers and the Commonwealth of Massachusetts. With the research and writing assistance of Karl Weber, Savitz has produced a wonderful description of *The Triple Bottom Line: How Today's Best-Run Companies Are Achieving Economic, Social, and Environmental Success---and How You Can Too*. The notion of a "triple bottom line" has been increasingly important since John Elkington's *Cannibals With Forks: The Triple Bottom Line of 21st Century Business* came out in 1997.

The triple bottom line consists of financial profit (or success), social justice, and environmental protection. It is sometimes summarized as "Profits, People, and Planet." An intimately related concept is "sustainability"---corporations that are built to last, societies that are stable and just, and a global natural environment that is in a healthy equilibrium. The basic argument is that we live in a time when a narrow, short-term focus on the financial bottom line alone will generate dysfunctions among people and in the environment that will come back to bite the corporation.

Savitz is not crazy about corporate social responsibility or corporate philanthropy because their focus is too narrowly on a more-or-less one way street benefit to society, unrelated to the business. Sustainability and the "3BL" are, instead, about mutual benefits flowing in all three directions. The challenge is to find the sustainability "sweet spot" (think golf) where all three interests coincide. Example: Toyota's Prius low-fuel hybrid benefits the environment, the people who build or buy them, and the owners of the company. Certainly there will be trade-offs; 3BL choices and strategies will require negotiation and compromise. But this is now an economic reality, not just an altruistic dream. Savitz and Weber give lots of business examples and provide a very practical, readable guidebook.

It could be argued that what's new here is just a strong case that financially successful companies must think more broadly and holistically and be sure to take into account all their stakeholder interests, including the environment and society. But it is still the financial bottom line driving the business. I'm not at all sure that Milton Friedman wouldn't agree with Savitz's case.

I'm also not sure that "sustainability" is always the appropriate goal for businesses in the same way that it is for the social and natural environments. I like long-term, built to last business thinking; but as Jim Collins once wrote, some businesses and organizations are appropriately "built to flip"---built to serve a period of time and a set of objectives and then either be acquired or retired. And this leads to my objection to their caricature of "business ethics" as a narrow, individualistic, decisionist activity. Wrong. Business ethics is a huge canvas, bigger than sustainability, CSR, corporate governance, or the 3BL.

Business ethics is about doing the *right* thing and building *good* organizations. Business ethics and values grow out of purposes, missions, and visions and are organically intertwined with corporate cultures. *There are more than three bottom lines*---there are bottom lines related to every stakeholder. Business ethics doesn't just ask how to keep three of those stakeholders (owners, environment, society) going and make them last (sustain them) but about what is right and fair and just, about what would constitute excellence and success.